was set up by RBI to look Into various issues with a view to improving the organisational effectiveness of 'RBI. Based on the report of the In house Group, an Internal Task Force was set np to formulate a Corporate Plan for the bank. An external consultant has also been appointed to guide and assist the Task Force in plan formulation and also for organisational and systems studies. Final Corporate Plan has not yet been prepared by RBI.

NRI Recommendations on FDS

2572. SHRI SATYA PRAKASH MALAVIYA:
SHRI ANANT RAM JAIS-WAL: SHRI MOHINDER SINGH LATHER:

Will the Minister of FINANCE be pleased to state:

(a) whether certain NRI experts on the India's economic reforms commissioned by the Ministry have, in their report, recommended on a scrapping of FDS besides removal of subsidies on fertilizers, irrigation and electricity;

(b) if so, what are the salient fea-owes of the recommendations made by these experts; and

(c) what is the decision of Gov-ernment, if any taken thereon?

fHB MINISTER OF STATE IN 1MB MINISTRY OF FINANCE AND MINISTER OF STATES IN THE MINISTRY OF PARLIAMENTARY AFFAiRS (DR. ABRAR AHMED): (a) and (b) On the request of the Ministry of Finance two intemationa-d economists namely, Prof. Jagdish Bhagwati and Prof. T. N. Srinivasan prepared a report on India's Economic Reforms' which was released in July 1983 for public Information and debate on our ongoing economic reforms.

The authors have not suggested scrapping of the Public Distribution System (PDS). They have rocom-mended reforms in the PDS wMch should aim at improving its target-ting of the poor, so that the easts of resulting from extensive leakage to the non-poor is minimised and more benefits reach the poor even if the subsidies are reduced or abolished.

The authors have also recommended removal of three major subsidies on agricultural inputs such as fertilizers, irrigation and electricity on the premise that the entire set of re-foitais implemented in conjectlon with th'e subsidy removal is still likely to be favourable to agreultu-ral incentives as seems to be the case in many developing conntries.

On agricultural credit, the authors feel that the policy of subsidising interest rates helps predominantly th$_e$ non-poor farmers and should be withdrawn. The problem for the poor farmers instead is access to credit which should be ensured through the financial sector reforms currently envisaged by the Govern-ment.

On foreign trade in agricultural products, the authors recommend scrapping of quantitative restrictions and canalisation and replacing these with appropriate tariffs.

(c) The Government is keen that there should be a thorough public discussten on the key issues in agricultural sector and effective policy measures could then emerge within the overall: framework of the new economic policy which the Government is committed to pursue.

Supervision Authority for the working of Financial Investitonf

2573. SHRI S. S. SURJEWALA: Will the Minister of FINANCE be

pleased to state;

(a) whether Government have accepted the proposal to establish a New Supervisory Authority to oversee the working of the Financial Institutions/Banking System; if so, what are the details thereof;

(b) whether the supervisory authority will be under the supervision of Reserve Bank of India or will be an indepent authority; and

(c) whether the functioning of the authority will be overlapping the already established system or be clearly demarcated?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) It has been decided to set up a Supervisory Body under the aegis of Reserve Bank of India. The structure and functions of this body are under formulation.

Rationale behind specific dirty on Cigarettes

2574. SHRI MOHD. KHALEELUR RAHMAN:
SHRI G. G. SWELL:
SHRI P. UPENDRA;
SHRIMATI MIR A DAS:
SHRI CHIMANBHAI MEHTA;

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 895 given in the Rajya Sabha on the 3rd August, 1993 and state;

(a) what are the reasons that the excise duty on luxury item like cigarettes is specified-based when other essential commodities and *ad valorem* based;

(b) what is the rationale behind the imposition of specific duty on above luxury item which is against the principle of elasticity of increasing revenue with increasing prices of commodities-

(c) whether H is a fact that the excise duty on cigarettes is not a very decisive and biggest component in determining the price structure of the commodity;

(d) if so, applicability of specific duty rate on size, whether on high priced or low priced cigarettes work in favour of high priced cigarettes manufacturing industry;

(e) whether it is a fact that cigarettes in the top range prices are levied with specific duty that works out below 45 per cent of their value and medium and low ranged priced cigarettes taxed on specific basis works cut between 66 to 74 per cent of their value;

(f) whether it is a fact that *ad-valorem* duty at 1988-87- level if applied to today's world give Rs. 500 c ores more to excise revenue; and

(g) whether Government have taken inflexible stand on mode of specific taxation on cigarettes when on factual basis it is found that accrual of revenue is much lower compared to *ad valorem?*

THE MINISTER OF STATE IN THE' MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Apart from cigarettes, specific rates of excise duiy are leviable on a number of other commodities like cement, tyres, sugar, aerated water, man-made fibre and yarn, petroleum products, refrigerators etc. mainly on administrative considerations,

(c) to (e) The excise duty on cigarettes is only one of the components of the price of the cigarettes. In the case of commodities subject to specific duty, the *advalorem* incidence will vary with[1] their value and cigarettes are no exception to this. Excise duty on cigarettes is specific based on the length of the cigarettes